

Assembly Bill No. 1588

Passed the Assembly August 23, 2016

Chief Clerk of the Assembly

Passed the Senate August 17, 2016

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Chapter 6.6 (commencing with Section 13486) to Division 7 of the Water Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1588, Mathis. Water and Wastewater Loan and Grant Program.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards.

This bill would, to the extent funding is made available, authorize the State Water Resources Control Board to establish a program to provide funding to counties and qualified nonprofit organizations to award low-interest loans and grants to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would authorize a county or qualified nonprofit organization to apply to the board for a grant to award loans or grants, or both, to residents of the county, as prescribed. To fund this program, the bill would authorize the board to use funding appropriated in an item of the Budget Act of 2016 from the State Water Quality Control Fund, or to use any other funding source consistent with the purposes of the program. By expanding the purposes of an appropriation, the bill would make an appropriation.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 6.6 (commencing with Section 13486) is added to Division 7 of the Water Code, to read:

CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT PROGRAM

13486. (a) To the extent the funding is made available, the board may establish a program in accordance with this chapter to provide funding to counties and qualified nonprofit organizations to award low-interest loans and grants to eligible applicants for any of the following purposes:

(1) Extending or connecting service lines from a water or wastewater system to the applicant's residence or plumbing.

(2) Paying reasonable charges or fees for connecting to a water or wastewater system.

(3) Paying costs to close abandoned septic tanks and water wells, as necessary, to protect health and safety as required by local or state law.

(4) Deepening an existing groundwater well.

(5) Improving an existing groundwater well, including associated equipment.

(6) Installing a water treatment system if the groundwater exceeds a primary or secondary drinking water standard, as defined in Section 116275 of the Health and Safety Code.

(b) The board may adopt any guidelines it determines are necessary to carry out the purposes of this chapter. A guideline adopted pursuant to this subdivision shall not be subject to the rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) As used in this chapter, "qualified nonprofit organization" means an organization with experience in providing financial and technical assistance to disadvantaged communities that is qualified to operate in California and qualified for exempt status under Section 501(c)(3) of the Internal Revenue Code.

13487. (a) To fund the program authorized in this chapter, the board may use funding appropriated in Item 3940-101-0679 in the Budget Act of 2016 (Chapter 23 of the Statutes of 2016), or any other funding source that is consistent with the purposes of this chapter.

(b) The board shall use reasonable and feasible efforts to secure local matching funds for the purposes of funding projects pursuant to this chapter.

13487.5. (a) A county or qualified nonprofit organization may apply to the board for a grant to award loans or grants, or both, to residents of the county in accordance with this chapter.

(b) A county or qualified nonprofit organization that receives funding pursuant to this chapter shall annually provide the following information to the board:

- (1) The number of loans and grants awarded.
- (2) The types of projects funded.
- (3) Project costs.
- (4) Whether there is demand for additional funding.

(c) The board may advance funds pursuant to an agreement with a county or qualified nonprofit organization in accordance with this chapter. Section 11019 of the Government Code does not apply to an advance made pursuant to this subdivision.

13488. (a) An eligible applicant for a loan shall meet all of the following criteria:

- (1) Have a household income below the statewide median household income.
- (2) Have an ownership interest in the residence.
- (3) Be unable to obtain financial assistance at reasonable terms and conditions from private lenders and lack the personal resources to undertake these improvements.
- (4) Demonstrate an ability to repay the loan. This requirement may be satisfied by having another party join the application as a cosigner.

(b) Any loan granted shall be secured by a mortgage on the residence and repaid within 20 years in accordance with terms established by the board. The interest rate on the loan shall not exceed 1 percent. While any balance on the loan is outstanding, a loan recipient shall furnish evidence of and continually maintain homeowner's insurance on the security residence to protect the state's interest in the residence.

(c) The county or qualified nonprofit organization may enter into a contract with a private financial institution to provide loans consistent with the purposes of this chapter.

13489. (a) An eligible applicant for a grant shall meet both of the following criteria:

- (1) Have a household income that is 80 percent or less of the statewide median household income.
- (2) Have an ownership or leasehold interest in the residence.

(3) Be unable to obtain financial assistance at reasonable terms and conditions from private lenders and lack the personal resources to undertake these improvements.

(b) A grant recipient shall repay to the county or qualified nonprofit organization the grant amount in full if that recipient sells the residence less than five years from the date that the grant agreement was signed.

(c) A grant recipient shall repay to the county or qualified nonprofit organization any unused grant funds.

Approved _____, 2016

Governor